

Option 2: Include the following exhibit for Transfer Service customers.

Exhibit G(*06/13/08 Version*)

PRINCIPLES OF NON-FEDERAL TRANSFER SERVICE

As provided by section 14.6.7 of the body of this Agreement and BPA's Long-Term Regional Dialogue Final Policy, July 2007, or any other later revision of that policy, if «Customer Name» acquires non-federal resources to serve its retail load above its established RHWM, then BPA's support and assistance to «Customer Name» regarding transfer service for its non-federal resources shall be consistent with the following principles:

1. Established Caps and Limitations

BPA shall provide financial support for the transmission capacity associated with non-federal resource purchases to all Transfer Service customers up to a maximum of 41 megawatts per fiscal year, cumulative over the duration of the agreement [[the agreement mentioned in paragraph 16 below? The PSC? The agreement regarding the non-federal resource?]]. This cumulative megawatt limit is shown in the table below.

Fiscal Year	Per Year MW Limit	Cumulative MW Limit
FY 2012	41	41
FY 2013	41	82
FY 2014	41	123
FY 2015	41	164
FY 2016	41	205
FY 2017	41	246
FY 2018	41	287
FY 2019	41	328
FY 2020	41	369
FY 2021	41	410
FY 2022	41	451
FY 2023	41	492
FY 2024	41	533
FY 2025	41	574
FY 2026	41	615
FY 2027	41	656
FY 2028	41	697

- 2.** Application of section 14.6.7 of body of this Agreement shall be on a first come, first served basis in each year based on the date each request is received by BPA. Requests not met, in whole or in part, in any Fiscal Year will have priority over subsequent requests the following year. Once granted, BPA shall honor such request for the duration of the resource acquisition period.

3. Process and Parameters For Initially Choosing A Non-Federal Resource

- 3.1 BPA obtains Transfer Service from Third Party Transmission Providers pursuant to OATT Network Integration Transmission Service. Additionally, BPA acquires firm transmission for all load service obligations incurred. Therefore, BPA shall, on behalf of «Customer Name», pursue Network Resource designation, as defined in the FERC OATT for <<Customer Name>>'s non-federal resource. BPA shall provide all information the Third Party Transmission Provider requires to evaluate the Network Resource designation request. «Customer Name» shall provide all relevant information BPA determines is required ~~and necessary~~ to submit an application for designation of the resource as a Network Resource per section 29 of the OATT.
 - 3.2 «Customer Name» shall notify BPA of its intent and/or actions to acquire or purchase a non-federal resource at least one year prior to delivery. Such acquisition or purchase shall be for a period of no less than one year in duration.
 - 3.3 If BPA's existing Transfer Service to «Customer Name» is pursuant to a non-OATT contractual arrangement, BPA shall pursue all reasonable arrangements, including but not limited to, OATT service, sufficient to enable «Customer Name» to utilize the non-federal resource to serve its load.
 - 3.4 BPA shall not be liable to «Customer Name» in the event that Network Resource designation cannot be obtained.
 - 3.5 BPA shall only obtain or pay for Transfer Service for «Customer Name»'s non-federal resource if it is designated as a Network Resource under the Third Party Transmission Provider's OATT with a commitment of at least one year. The limitations in this principle 3 do not pertain to market purchases and the use of secondary network transmission, which are addressed below in principle 15.
4. «Customer Name» shall provide BPA all information BPA determines is reasonably necessary to obtain and administer firm network transmission service over the Third Party Transmission Provider's system. [[Redundant to last sentence in 3.1?]]
 5. BPA shall only pay only the capacity costs associated with transmission service to «Customer Name» over the transmission facilities of the Third Party Transmission Provider(s) that either (1) interconnect directly to «Customer Name»'s facilities, or (2) interconnect to BPA transmission facilities or another Third Party Transmission Provider's facilities which subsequently interconnect with «Customer Name»'s facilities. [[[«Customer Name» shall arrange for, and pay any costs associated with, the delivery of non-federal power to an interconnection point with the Third Party Transmission Provider, including obtaining and paying for firm transmission across all intervening transmission systems. How does this pertain to the Wells situation?]]]

6. «Customer Name» shall pay a portion of the costs of all Ancillary Services necessary to deliver any non-federal resource to serve its load. The Ancillary Service costs imposed by the Third Party Transmission Provider shall be apportioned between BPA and «Customer Name» based on either:

- (1) metered/scheduled quantities of the non-federal resource, expressed as a percentage of total load, multiplied by the total costs assessed BPA by the Third Party Transmission Provider; or,
- (2) actual charges assessed by the Third Party Transmission Provider.

However, BPA shall treat the cost of load regulation service consistent with the load regulation service cost as described in section 14.6.1.1 ~~of the body of this Agreement~~. BPA shall be responsible for the cost of generation supplied reactive power, and «Customer Name» shall be responsible for ~~any~~ generation imbalance costs, if any, related to «Customer Name»'s non-federal resource.

7. «Customer Name» shall be responsible for the costs of all other transmission services for non-federal deliveries not included in principles 5 and 6 above, including, but not limited to: redispatch, congestion management costs, system and facility study costs associated with adding the non-federal generation as a Network Resource, direct assigned system upgrades, distribution and low-voltage charges, if applicable and real power losses.
8. «Customer Name» shall be responsible for all costs of interconnecting generation to a transmission system.
9. «Customer Name» shall be responsible for acquiring transmission services from BPA, including wheeling for non-federal resources. If «Customer Name» does not require transmission services from BPA for wheeling non-federal resources, «Customer Name» shall be responsible for a pro rata share of the Third Party Transmission Provider(s) transmission costs that BPA incurs to serve «Customer Name».
10. «Customer Name» shall be responsible for all integration services to support its non-federal resources:
 - (1) in accordance with all requirements of the host Balancing Authority and/or Third Party Transmission Provider(s), and
 - (2) which are necessary for designation of the non-federal resource as a Network Resource.
11. As necessary, «Customer Name» shall meet all resource metering requirements including compliance with BPA standards and any requirements of the generation host Balancing Authority and/or Third Party Transmission Provider(s).

12. The Parties shall cooperate to establish the protocols, procedures, data exchanges or other arrangements the Parties deem reasonably necessary to support the transmission of «Customer Name»'s non-federal resource(s).
13. Unless otherwise agreed, «Customer Name» shall be responsible for managing any non-federal resource and shall schedule [[transmission? delivery?]]consistent with Exhibit F, Transmission Scheduling Service.
14. BPA shall have no obligation to pay for Transfer Service for non-federal power to serve any portion of «Customer Name»'s retail load that «Customer Name» is obligated to serve with federal power pursuant to this Agreement.
15. Once «Customer Name»'s non-federal resource has been designated as a Network Resource, BPA will not undesignate «Customer Name»'s Network Resource for marketing purposes. Also, once such Network Designation has been made, «Customer Name» may make market purchases to displace the Network Resource, which BPA shall schedule on Secondary Network Service, provided that:

 - (1) such market purchases are at least one day in duration;
 - (2) the megawatt amount of the market purchase does not exceed the amount of the designated Network Resource that «Customer Name» would have scheduled to its load;
 - (3) such market purchases are only scheduled in preschedule consistent with section 4.1 of Exhibit F, Transmission Scheduling Service;
 - (4) «Customer Name» does not, under any circumstances, remarket its designated Network Resource or perform any other operation that would cause BPA to be in violation of its obligations under the Third Party Transmission Providers OATT;
 - (5) «Customer Name» is responsible for any additional energy imbalance, redispatch, and/or UAI charges that result from a transmission curtailment that impacts the resulting Secondary Network Schedule; and
 - (6) any RSS products that «Customer Name» has purchased from BPA are not applied to the market purchase(s).
16. These principles will be the basis for a separate agreement BPA shall offer to «Customer Name» to support the Transfer Service of «Customer Name»'s non-federal resource. BPA shall include terms specific to a particular non-federal resource in exhibits to the separate agreement, with a separate exhibit for each non-federal resource. «Customer Name» is under no obligation to accept this separate agreement or the exhibit for the particular non-federal resource, and BPA is not bound to acquire or pay for Transfer Service for non-federal resources if «Customer Name» does not accept the separate agreement or the exhibit for the particular non-federal resource.

(PS«X/LOC»- «File Name with Path».DOC) «mm/dd/yy» *{Drafter's Note: Insert date of finalized contract here}*

End Option 2